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PATENT

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In regards to the application of: **Adam Coyle**

Serial No.: \_\_\_\_\_

FOR: **CARD-BASED SYSTEM AND METHOD FOR ISSUING  
NEGOTIABLE INSTRUMENTS**jc714 U.S. PTO  
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Respectfully submitted,

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APPLICATION FOR  
UNITED STATES LETTERS PATENT

FOR

CARD-BASED SYSTEM AND METHOD FOR ISSUING  
NEGOTIABLE INSTRUMENTS

By:

INVENTOR

Adam Coyle, Applicant

(Assigned to: First Data Corp.)

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1                                   **CARD-BASED SYSTEM AND METHOD**  
2                                   **FOR ISSUING INSTRUMENTS**  
3

4           **CROSS REFERENCE TO RELATED APPLICATIONS**

5                       This application claims priority to United States Provisional Application No.  
6           60/130,057, filed on April 19, 1999. and United States Patent Application No. \_\_\_\_\_,  
7           filed on \_\_\_\_\_, 2000.  
8

9           **FIELD OF THE INVENTION**

10                   The present invention relates generally to prepaid negotiable instruments. More  
11           specifically, the present invention relates to pre-paying funds into a transaction account and  
12           subsequently drawing upon those funds through the issuance of negotiable instruments.  
13

14           **BACKGROUND**

15                   Banks traditionally offer certain benefits to their customers, such as safe-storage of  
16           and access to funds, direct deposit capabilities, automated teller machine (ATM) access and  
17           convenience of service points, etc. Many members of the cash based society understand and seek  
18           such bank-like benefits at reasonable and straightforward prices, but are often reluctant to enter  
19           into a relationship with banks. One reason for the cash based society's avoidance of banks is that  
20           they tend to feel that they are not respected by banks. Also, members of the cash based society  
21           typically reject hidden fees, limited services and locations, approval processes, minimums, etc.  
22           Thus, the prevailing product and service approaches of banks tend to intimidate members of the  
23           cash based society, or at least impede the successful adaptation of bank services to their needs and  
24           lifestyles.

25                   Some banks and financial institutions offer "low cost" or "basic" accounts. Such  
26           financial institutions usually restrict services, offer "lower" fees, and may waive minimum balance  
27           requirements. However, such low cost accounts remain unappealing to many members of the cash  
28           based society because they tend to be offered through bank branches with limited hours and  
29           locations and ATMs which may not be local to the consumer. Furthermore, there is still a credit  
30           check and an approval process associated with "low cost" accounts, which the cash based  
31           consumer might fail because of credit history or residence problems. In addition, the cash based  
32           consumer may be worried about garnishments or inconvenient, disrespectful service.

1           Some financial institutions offer debit card payroll solutions. For example, a  
2           branded check printing service may provide direct deposit capabilities for federal benefit checks in  
3           exchange for a transaction fee. However, federal benefit check distribution services do not allow  
4           multiple withdrawals in varied amounts. Transaction fees for these and other debit card payroll  
5           solutions tend to be expensive. There is currently no other banking service offered to the cash  
6           based society that provides direct deposit capability.

7           Accordingly, there remains a need for a financial service that offers safe-storage of  
8           and access to funds, direct deposit capabilities, automated teller machine (ATM) access,  
9           convenient service points, etc, without requiring a traditional bank-customer relationship.

## 11       **SUMMARY OF THE INVENTION**

12           The present invention meets the above-described needs by providing a system and  
13           method whereby a non-bank entity, such as a Licensed Money Transmitter, may issue prepaid  
14           negotiable instruments to an individual. In one aspect of the invention an account structure is  
15           provided that allows a non-bank entity to indirectly provide direct deposit capabilities for funds  
16           representing pre-payments for negotiable instruments. When a direct deposit of funds into a first  
17           account associated with the individual and maintained by a first entity is detected, the total  
18           amount of the funds is transferred, or swept, into a second account associated with the individual  
19           and maintained by a second entity. The first entity is a bank or other financial institution subject to  
20           federal banking regulations, while the second entity is not subject to federal banking regulations.  
21           Detecting a direct deposit of funds into the first account comprises detecting a credit in the total  
22           amount of the funds posted in the first account. Automatically transferring the total amount of the  
23           funds into the second account comprises posting a debit in the total amount of the funds in the  
24           first account and posting a credit in the total amount of the funds in the second account.

25           An account number and a PIN are associated with the second account and are  
26           provided to the individual. When a request by the individual for the issuance of a negotiable  
27           instrument is detected, the PIN and the account number are verified to determine that the account  
28           number identifies the second account and that the PIN identifies the individual as being authorized  
29           to access the second account. Then, a determination is made as to whether the value of the  
30           requested negotiable instrument is in excess of the balance of the second account. If the value of

1 the requested negotiable instrument plus any fees charged to the individual is not in excess of the  
2 balance of the second account, the issuance of the requested negotiable instrument to the  
3 individual is authorized. In response to the issuance of the requested negotiable instrument, the  
4 balance of the second account is debited by the value of the requested negotiable instrument plus  
5 any fees. When the individual requests the issuance of multiple negotiable instruments, a  
6 determination is made as to whether the aggregate value of the requested multiple negotiable  
7 instruments plus any fees is not in excess of the balance of the second account. Upon issuance of  
8 the requested multiple negotiable instruments to the individual, the second account is debited by  
9 the aggregate value of the requested multiple negotiable instruments plus any fees.

10 A properly enrolled customer may make subsequent deposits into the second  
11 account. Upon requesting a balance increase for the second account, the individual tenders a  
12 payment in the requested amount. In response to the balance increase request the second account  
13 is credited in the requested amount.

14 Another aspect of the invention provides a system and method for conducting  
15 anonymous transactions with an individual regarding prepaid negotiable instruments. An  
16 anonymous account is provided that is identified by an account number. The individual is then  
17 provided with the account number and a PIN allowing access to the anonymous account. Upon  
18 verification of the PIN and the account number, the individual is authorized to make an initial  
19 deposit of funds into the anonymous account. The initial deposit of funds represents a prepayment  
20 for negotiable instruments. The individual is thus authorized to request the issuance of negotiable  
21 instruments in an amount not exceeding the initial deposit of funds. When the issuance of  
22 negotiable instruments has depleted the initial deposit of funds, the anonymous account is closed  
23 and no other transactions are authorized.

24 The anonymous account may be converted into a non-anonymous account if the  
25 individual provides personal identifying information, such as name, address, social security  
26 number, etc. Once such personal identifying information is provided, a non-anonymous account  
27 associated with the individual may be established. The non-anonymous account may have a new  
28 account number and PIN associated therewith. The new account number and PIN may be used by  
29 the individual to make subsequent deposits of funds into the non-anonymous account. While an  
30 anonymous account is not authorized to accept direct deposits of funds, the non-anonymous

1 account may be linked to a traditional bank account, via a communications link, so as to indirectly  
2 offer direct deposit capabilities.

3 These and other aspects of the present invention will become apparent upon  
4 review of the following description with particular reference to the attached drawings.  
5

## 6 BRIEF DESCRIPTION OF THE DRAWINGS

7 FIG. 1 is a functional block diagram illustrating the movement of funds through an  
8 exemplary account structure in an illustrative embodiment of the present invention.

9 FIG. 2 is a functional block diagram illustrating the process flow of an illustrative  
10 embodiment of the present invention.

11 FIG. 3 is a functional block diagram illustrating an exemplary financial network  
12 environment for an illustrative embodiment of the present invention.

13 FIG. 4 is a functional block diagram of a computer system illustrating an operating  
14 environment for illustrative embodiments of the program modules of the present invention.

15 FIG. 5 is an illustration of an exemplary Cash Card<sup>SM</sup> of the present invention.

16 FIG. 6 is an illustration of an exemplary anonymous Cash Card<sup>SM</sup> of the present  
17 invention.

18 FIG. 7 is a flow diagram illustrating an exemplary method for processing  
19 transactions associated with an anonymous Cash Card<sup>SM</sup>.  
20

## 21 DETAILED DESCRIPTION

22 Members of the cash based society may avoid the above-described drawbacks  
23 associated with traditional banking relationships by conducting business with Licensed Money  
24 Transmitters. An example of a Licensed Money Transmitter is Western Union. A Licensed Money  
25 Transmitter is legally authorized to transmit funds, either by wire, facsimile, electronic transfer,  
26 courier or otherwise, within the United States or to or from locations outside the United States. A  
27 Licensed Money Transmitter may also be authorized to sell or issue checks, drafts, warrants,  
28 money orders, traveler's checks or other negotiable instruments. In some instances, a Licensed  
29 Money Transmitter may even be authorized to sell and/or exchange currency. Unlike traditional

1 bank transactions, however, transactions handled by a Licensed Money Transmitter are not  
2 insured by the FDIC.

3 The present invention allows a Licensed Money Transmitter to accept from its  
4 consumers advance payments for negotiable instruments. By way of an online, non-interest  
5 bearing, non-FDIC insured transaction account, the Licensed Money Transmitter may provide  
6 payment instrument and money transmission services to its cash based consumers without the  
7 need for the qualifying/approval barriers, high costs, and intricate fee and reporting obstacles  
8 associated with a traditional banking relationship. The transaction account maintained by the  
9 Licensed Money Transmitter may be configured to accept deposits from a point of sale (POS)  
10 terminal at a retail establishment. In an exemplary embodiment, the transaction account may also  
11 be configured to indirectly accept direct deposits of funds, such as federal benefits checks and  
12 employee payroll checks.

13 The consumer may access his or her pre-paid negotiable instruments electronically  
14 via a POS terminal or an automated teller machine (ATM). Upon demand, a negotiable  
15 instrument, such as a money order, may be printed and cashed for the consumer at a POS terminal  
16 by an agent of the Licensed Money Transmitter. Negotiable instruments may be printed in  
17 odd/specific amounts so that the customer may receive cash in odd/specific denominations for the  
18 purpose of paying bills, etc. Alternately, an ATM may dispense the requested cash to the  
19 consumer.

20 Since the transaction account maintained by the Licensed Money Transmitter is  
21 not built around the classic FDIC insured demand deposit account (DDA) structure, overall  
22 system costs, and ultimately consumer costs, are reduced. For example, because the funds  
23 deposited into the transaction account are considered as advance payments for negotiable  
24 instruments, no credit approvals are required. Also, because withdrawals from the transaction  
25 account are processed on-line and in real time, mechanisms may be provided for ensuring that  
26 there are no account overdrafts. Without overdrafts, there is no need to worry about fees  
27 attributable to an overdrawn account status.

28 By establishing a non-banking service that offers POS and ATM access to cash,  
29 the present invention allows cash based consumers to avoid visitations to bank branches that may  
30 not be conveniently located. Instead, the cash based consumer may hear about the services of the

1 present invention and receive enrollment materials at the same locations at which they conduct  
2 other financial or retail transactions, or through direct advertising. Consumers may transfer funds  
3 directly from the service desk (via a POS terminal) of a preferred retailer at a time of day that is  
4 convenient for their lifestyles. Consumers may also be provided with “VRU” or “Voice 24 x 7”  
5 services so as not to be made dependent only on ATMs and agents operating POS terminals.

6 As mentioned above, an exemplary transaction account may also be configured to  
7 indirectly accept direct deposit transactions. The transaction account is not configured to directly  
8 accept direct deposit transactions due to the desire of the cash based consumer to avoid a  
9 traditional banking relationship. Various federal regulations, which are well known to those  
10 skilled in the art, require that certain direct deposit transactions involve FDIC insured bank  
11 accounts, and the like. For example, direct deposit of federal benefits checks may only be made  
12 into traditional FDIC insured bank accounts.

13 Similarly, banking industry requirements require that other types of direct deposit  
14 transactions involve a traditional bank account. By way of illustration, direct deposit of payroll  
15 checks are made through an automated clearinghouse (ACH) system, which uses routing and  
16 transit (R&T) numbers and other data to effect the transfer of funds between accounts. R&T  
17 numbers are assigned exclusively to FDIC insured banks. Therefore, in order to meet the cash  
18 based consumer’s demand for non-banking services, the Licensed Money Transmitter may choose  
19 not to directly offer direct deposit capabilities that are subject to federal banking regulations and  
20 banking industry requirements.

21 The following description will hereinafter refer to the drawing, in which like  
22 numerals indicate like elements throughout the several figures. An exemplary flow of funds  
23 through an illustrative account system of the present invention is described with reference to the  
24 functional block diagram of **FIG. 1**. As shown, a transaction account **102** is established and  
25 maintained by a Licensed Money Transmitter or an agent thereof. The transaction account **102**  
26 may be thought of as a general account held in the name of the Licensed Money Transmitter. The  
27 general account may be divided into slub-accounts that are associated with individual consumers.  
28 Alternately, separate transaction 102 accounts may be established in the names of each individual  
29 consumer.



1 Due to various federal regulations and industry requirements, the transaction  
2 account **102** is not FDIC insured and is not authorized to accept funds that are transferred  
3 through the Automatic Clearinghouse (ACH) system of the federal reserve. The ACH is an  
4 electronic funds transfer system used by retail and commercial organizations. The ACH acts as a  
5 normal clearing house, receiving a transaction over the network and then splitting and routing the  
6 debit and credit portions of the transaction to the payer's and the payee's banks. Without ACH  
7 access, the transaction account **102** is not authorized to accept direct deposits of federal benefits  
8 checks, payroll checks from employers, or the like.

9 Accordingly, an exemplary embodiment of the present invention contemplates that  
10 a Licensed Money Transmitter will establish a communication channel with a traditional FDIC  
11 insured financial institution, such as a bank, in order to service direct deposit customers. The bank  
12 will maintain an FDIC insured bank account **104**, which may either be held in the name of the  
13 Licensed Money Transmitter or in the name of an individual consumer. The bank account **104** is  
14 capable of accepting federal benefit direct deposits **106** and payroll direct deposits **108**, as well as  
15 any other type of federally regulated or banking industry standardized transfer of funds. The  
16 communication channel between the Licensed Money Transmitter and the bank may allow the Licensed Money Transmitter to monitor the  
17 bank account **104** for incoming direct deposit transactions.

18 In an exemplary embodiment of the present invention, incoming direct deposit  
19 transactions are "swept" from the bank account **104** into the transaction account **102**. In other  
20 words, funds that are deposited in the bank account **104** are instantly transferred into the  
21 transaction account **102**. The instant transfer of funds avoids capitalization of the bank, i.e., no  
22 interest on the funds is accumulated. Accordingly, the communication channel between the  
23 Licensed Money Transmitter and the bank allows customers of the Licensed Money Transmitter  
24 to take advantage of direct deposit mechanisms, without themselves having to become customers  
25 of a bank. In addition, non-direct deposit funds may be deposited into the transaction account **102**  
26 via a POS terminal **112** or via any other bank **114** or financial institution.

27 Funds that are held in the transaction account **102** may be dispersed to the  
28 customer through a POS terminal **112** operated by an agent of the Licensed Money Transmitter,  
29 or through a traditional ATM **116**. POS terminals **112** and ATMs **116** allow a consumer to  
30

1 conduct a transaction from remote locations. ATMs comprise computer terminals that may be  
2 configured for remote access, directly or indirectly through switching networks, to a financial  
3 account of the consumer, such as a bank account 104 or a transaction account 102. Similarly,  
4 POS devices 112 comprise computer terminals located at a merchant's place of business which  
5 allow access to a consumer's account information stored in a computer within a network of  
6 financial institutions, to permit the transfer of funds from the consumer's account to the  
7 merchant's account.

8 **FIG. 2** illustrates the process flow of an account sweep control module 210, which  
9 may be implemented through one or more software program modules. The account sweep control  
10 module 210 facilitates communications between a bank computer system 212 and a Licensed  
11 Money Transmitter (LMT) computer system 214. In particular, the account sweep control module  
12 210 facilitates the transfer of funds between a bank account 104 accessible by the bank computer  
13 system 212 and a transaction account 102 accessible by the Licensed Money Transmitter  
14 computer system 214. The account sweep control module 210 may be implemented as a  
15 component of the Licensed Money Transmitter computer system 214, as a component of the bank  
16 computer system 212, or as a component of a distinct computer system. The account sweep  
17 control module 210 is configured to monitor the bank account 104 in order to detect the posting  
18 of a credit to the bank account 104. As shown in step 201, an exemplary embodiment of the  
19 account sweep control module 210 receives a notification from the bank computer 212 whenever  
20 a credit is posted to the bank account 104. Methods of configuring the software and hardware of  
21 the bank computer system 212 to send a notification to the account sweep control module 210  
22 upon the posting of a credit to the bank account 104 will be apparent to those skilled in the art.

23 When a notification of a posted credit is received, the exemplary account sweep  
24 control module 210 communicates with the bank computer 212 at step 202 in order to post a  
25 debit to the bank account 104. In the ideal situation, the credit of funds exists in the bank account  
26 104 for a period of time that is on the order of a fraction of a second prior to the posting of the  
27 debit. The credit of funds posted to the bank account 104 may be in any "amount X." The  
28 subsequent debit posted by the account sweep control module 210 to the bank account 104 is in  
29 the total "amount X." Accordingly, the bank account 104 is "zeroed out" and, except for a

1 fraction of a second or so, maintains a balance of zero. The debit is posted to the bank account  
2 104 instantly so as to avoid capitalization of the bank.

3 At step 203, the exemplary account sweep control module 210 communicates with  
4 the Licensed Money Transmitter computer system 214 in order to post a credit of the total  
5 "amount X" into the transaction account 102. The transaction account 102 is a holding or escrow  
6 account that is used to store the funds of the consumer. The transaction account 102 does not  
7 accrue interest and does not function as a traditional bank account. The funds in the transaction  
8 account 102 may represent prepaid negotiable instruments that may be issued to the consumer via  
9 a POS terminal 112 operated by an agent of the Licensed Money Transmitter.

10 When a consumer requests the issuance of a prepaid negotiable instrument, a  
11 request for authorization to issue the negotiable instrument may be transmitted from a POS  
12 terminal 112 to a transaction control module 211. A transaction control module may be  
13 implemented through one or more software program modules. The transaction control module  
14 211 may be implemented as a component of the Licensed Money Transmitter computer system  
15 214, or as a component of a distinct computer system. A transaction control module 211 is  
16 configured to interact with the transaction account 102 and POS terminals 112 in order to manage  
17 transactions. By way of illustration, a POS terminal 112 may request authorization to issue a  
18 negotiable instrument of amount "Y," as shown in step 204. The transaction control module 211  
19 accepts the request for authorization and communicates at step 205 with the Licensed Money  
20 Transmitter computer system 214 in order to verify that the balance of the transaction account  
21 102 equals or exceeds the requested amount "Y" plus any transaction fees charged by the  
22 Licensed Money Transmitter. The transaction control module 211 may also be responsible for  
23 verifying that the customer requesting the negotiable instrument is in fact authorized to receive  
24 the negotiable instrument. For example, the customer may be required to provide a personal  
25 identification number (PIN) and an account code, which may be transmitted from the POS  
26 terminal 112 to the transaction control module 211. The transaction control module 211 may  
27 communicate with a database (not shown) hosted by the Licensed Money Transmitter computer  
28 system 214 in order to determine whether the PIN and account code provided by the customer are  
29 authentic. Additional details regarding security features of the illustrative embodiments of the  
30 present invention will be describe below.

1           If the balance in the transaction account 102 equals or exceeds the requested  
2     amount "Y" plus any transaction fees, the transaction control module 211 transmits to the POS  
3     terminal 112 an authorization to issue the requested negotiable instrument, as shown in step 206.  
4     However, if the balance in the transaction account 102 is less than the requested amount "Y" plus  
5     any transaction fees, the transaction control module 211 will not authorize the issuance of the  
6     requested negotiable instrument. As mentioned, the funds held in the transaction account 102 are  
7     considered to represent prepaid negotiable instruments. Therefore, the transaction account 102  
8     will not be debited in any amount that exceeds the prepaid value of the negotiable instruments  
9     plus any transaction fees. Transaction fees may be charged at the time of the transaction so as to  
10    avoid the situation where the transaction account 102 is depleted and the customer owes a debt to  
11    the Licensed Money Transmitter. Ensuring that the transaction account 102 is never overdrawn  
12    avoiding the need to charge additional service fees associated with an overdraw account status.

13           After receiving authorization to issue the requested negotiable instrument, the  
14    agent of the Licensed Money Transmitter operating the POS terminal 112 prints and cashes the  
15    negotiable instrument in the amount "Y" plus any transaction fees. The agent may then retain any  
16    transaction fees and provide the remainder of the cash to the consumer. At step 207, the POS  
17    terminal 112 notifies the transaction control module 211 that the negotiable instrument has been  
18    issued. Then, at step 208 the transaction control module 211 communicated with the Licensed  
19    Money Transmitter computer system 214 in order to post a debit in the amount "Y" plus any  
20    transaction fees to the transaction account 102.

21           The exemplary embodiments described with respect to FIG. 1 and FIG. 2 include  
22    a two account structure (i.e., a bank account 104 and a transaction account 102) and an account  
23    sweep control module 210. It will be appreciated to those of ordinary skill in the art that the two  
24    account structure and the account sweep control module 210 are not necessary in situations  
25    where there is no desire to indirectly provide direct deposit capabilities. Various features and  
26    aspects of the present invention may be implemented in systems that do not require such direct  
27    deposit capabilities. In addition, it should be appreciated that the functionality of the account  
28    sweep control module 210 and the transaction control module 211 has been provided -by way of  
29    example only. Additional functions may be performed by either module without limitation of the  
30    scope of the present invention.

1           **FIG. 3** is an overview of an exemplary Licensed Money Transmitter network  
2 environment **300** that may host a system in accordance with the illustrative embodiments of the  
3 present invention. A POS terminal **112** communicates with a Tandem computer system **302** via a  
4 network **303**. The Tandem computer system **302** may be in communication with, or may comprise  
5 a part of, the Licensed Money Transmitter computer system **214**. Although the functionality of a  
6 "Tandem" brand computer system is a well-known in the art, as used herein a Tandem computer  
7 system **302** may refer to any generic network server system. A POS terminal **112** generally  
8 includes a printer **304** and a control terminal **306**. The control terminal **306** typically comprises a  
9 keypad, a display, a modem, a memory, and a processor. The control terminal **306** may,  
10 communicate print commands to the printer **304** via, for example, an RS-232 link or other suitable  
11 communications link. The control terminal **306** manages negotiable instrument transactions and  
12 stores data in a memory.

13           A profile database management system **312** may be provided for management of  
14 the POS terminals **112**. In manners well known in the art, software updates and other data may be  
15 downloaded from the profile database management system **312** to a POS terminal **112**. Such  
16 software updates and other data may be generated and stored in the profile database management  
17 system **312** by a Licensed Money Transmitter support personnel system **310**. The Licensed  
18 Money Transmitter support personnel system **310** may include personal computers **310a** operated  
19 by support personnel and telephones **310b** manned by support personnel or linked to VRU  
20 systems. The Licensed Money Transmitter support personnel system **310** may be coupled to the  
21 profile database management system **312** via a local area network (LAN) or other private  
22 communications link. The Licensed Money Transmitter support personnel system **310** may also be  
23 linked to the network **303**, so as to be accessible to customers via telephone systems.

24           At predetermined times, the control terminal **306** of the POS terminal **112**  
25 transmits its data to the Tandem computer system **302** via the network **303**. The Tandem  
26 computer system **302** creates a batch file comprising data received from many POS terminals **112**.  
27 The Tandem computer system **302** typically forwards batch files to the appropriate component of  
28 the Licensed Money Transmitter computer system **214** at predetermined times. For security  
29 purposes, the Tandem computer system **302** may transmit a batch file to the Licensed Money  
30 Transmitter computer system **214** via a private network or other private communications link.

1           The Licensed Money Transmitter computer system **214** is configured for, among  
2 other things, accessing the transaction account **102** maintained by the Licensed Money  
3 Transmitter. The transaction account **102** may be physically stored in a memory device in  
4 communication with the Licensed Money Transmitter computer system **214**. The Licensed Money  
5 Transmitter computer system **214** may also host a database **316** of account codes, PINs, and other  
6 customer/account information. Such customer/account information may be used for security  
7 purposes and to monitor the nature and frequency of transactions performed by each customer.

8           The Licensed Money Transmitter computer system **214** may also comprise or be in  
9 communication with the account sweep control module **210**. The account sweep control module  
10 **210** is in turn in communication with the bank computer system **212**. The bank computer system  
11 **212** is configured for, among other things, accessing the bank account **104**, which may physically  
12 be stored in a memory device in communication with the bank computer system **212**.

13           The Tandem computer system **302** may be in communication with the transaction  
14 control module **211**. Thus, communications to and from the POS terminal **112** may be routed  
15 from and to the transaction control module **211** via the Tandem computer system **302**. As  
16 mentioned, the transaction control module **211** is configured to manage transactions involving  
17 deposits into and withdraws from the transaction account **102**. Although shown as being a distinct  
18 network component, those skilled in the art should appreciate that the transaction control module  
19 **211** may alternately be implemented as a component of either the Tandem computer system **302**  
20 or the Licensed Money Transmitter computer system **214**.

21           **FIG. 4** and the following discussion are intended to provide a brief and general  
22 description of a suitable computing environment for implementing various aspects of the present  
23 invention embodied in software program modules, namely the exemplary account sweep control  
24 module **210** and the exemplary transaction control module **211**. Although the system shown in  
25 **FIG. 4** is a conventional computer **400**, those skilled in the art will recognize that the invention  
26 also may be implemented using other types of computer system configurations. The computer **400**  
27 includes a central processing unit **422**, a system memory **420**, and an Input/Output ("I/O") bus  
28 **426**. A system bus **421** couples the central processing unit **422** to the system memory **420**. A bus  
29 controller **423** controls the flow of data on the I/O bus **426** and between the central processing  
30 unit **422** and a variety of internal and external I/O devices. The I/O devices connected to the I/O

bus **426** may have direct access to the system memory **420** using a Direct Memory Access (“DMA”) controller **424**.

The I/O devices are connected to the I/O bus **426** via a set of device interfaces. The device interfaces may include both hardware components and software components. For instance, a hard disk drive **430** and a floppy disk drive **432** for reading or writing removable media **450** may be connected to the I/O bus **426** through a disk drive controller **440**. An optical disk drive **434** for reading or writing optical media **452** may be connected to the I/O bus **426** using a Small Computer System Interface (“SCSI”) **441**. The drives and their associated computer-readable media provide nonvolatile storage for the computer **400**. In addition to the computer-readable media described above, other types of computer-readable media may also be used, such as ZIP drives or the like.

A display device **453**, such as a monitor, is connected to the I/O bus **426** via another interface, such as a video adapter **442**. A parallel interface **443** connects synchronous peripheral devices, such as a laser printer **456**, to the I/O bus **426**. A serial interface **444** connects communication devices to the I/O bus **426**. A user may enter commands and information into the computer **400** via the serial interface **444** using an input device, such as a keyboard **438**, a mouse **436** or a modem **457**. Other peripheral devices (not shown) may also be connected to the computer **400**, such as audio input/output devices or image capture devices.

A number of software program modules may be stored on the drives and in the system memory **420**. The system memory **420** can include both Random Access Memory (“RAM”) and Read Only Memory (“ROM”). The software program modules control the manner in which the computer **400** functions and interacts with the user, with I/O devices or with other computers. Software program modules include routines, operating systems **465**, application programs, data structures, and other software or firmware components. In an exemplary embodiment, the present invention may include one or more account sweep control modules **210** and one or more transaction control modules **211**. The one or more account sweep control modules **210** may comprise computer executable instructions for facilitating communications between a bank computer system **212** and a Licensed Money Transmitter computer system **214**. The one or more account sweep control modules **210** may further comprise computer executable instructions for monitoring credits posted to a bank account **104**, posting debits to the bank

1 account **104** and posting credits to the transaction account **102**, as previously described. The one  
2 or more transaction control modules **211** may comprise computer executable instructions for  
3 facilitating communications between a POS terminal **112** or an ATM **116** and a Licensed Money  
4 Transmitter computer system **214**, as previously described.

5 Many or most of the software-controlled operations performed by the exemplary  
6 software program modules of the present invention are conventional and well-known in the  
7 industry. For example, it is conventional and well known to communicate standard ATM and POS  
8 messages between a computer system and an ATM network using conventional off-the-shelf  
9 ATM and POS software. In an exemplary embodiment, the computer **400** also includes such  
10 conventional software to generate and communicate appropriate messages. Conventional software  
11 packages also exist which perform a variety of exceedingly complex but entirely conventional  
12 functions (e.g., maintaining audit trails to ensure transaction reliability, maintaining user account  
13 and vender files, provide clearing information, etc.). Such conventional software program  
14 modules may also be executed by the computer **400** in an exemplary embodiment. Conventional  
15 database management systems may also be executed by the computer **400** for maintaining  
16 customer/account information.

17 The computer **400** may operate in a networked environment using logical  
18 connections to one or more remote computers, such as remote computer **460**. The remote  
19 computer **460** may be a server, a router, a peer device or other common network node, and  
20 typically includes many or all of the elements described in connection with the computer **400**. In a  
21 networked environment, program modules and data may be stored on the remote computer **460**.  
22 The logical connections depicted in **FIG. 4** include a local area network ("LAN") **454** and a wide  
23 area network ("WAN") **455**. In a LAN environment, a network interface **445**, such as an Ethernet  
24 adapter card, can be used to connect the computer **400** to the remote computer **460**. In a WAN  
25 environment, the computer **400** may use a telecommunications device, such as a modem **457**, to  
26 establish a connection. It will be appreciated that the network connections shown are exemplary  
27 and other means of establishing a communications link between the computers may be used.

28 Aspects of the present invention may be implemented by way of any account  
29 identifying mechanism, such as a plastic card issued to a particular consumer. As shown in **FIG. 5**,  
30 in an exemplary embodiment a consumer is provided with a Cash Card<sup>SM</sup> **500** that includes



1 identifying information on the front and an encoded magnetic strip on the reverse. Identifying  
2 information may include an account identification code **502** and a customer name and number  
3 **504**. The identifying information may be used to associate a transaction account **102** or a sub-  
4 account thereof with the particular consumer.

5 From the consumer's point of view, funds may be loaded onto and off-loaded from  
6 the Cash Card **500** at any time. Thus, the Cash Card **500** eliminates the cash based consumer's  
7 need to carry large amounts of cash on his or her person. As previously described, the consumer  
8 may authorize the deposit of funds into a transaction account **102** associated with the Cash Card  
9 **500** in various ways, such as through direct deposit transactions, POS transactions, ATM  
10 transactions, etc. Subsequently, upon presentation of a Cash Card **500** or other account identifier  
11 and a personal identification number (PIN), the consumer may access the funds that are stored in  
12 his or her name in the transaction account **102**.

13 To request a withdrawal of funds from the transaction account **102**, a consumer  
14 may present the Cash Card **500** to an agent of the Licensed Money Transmitter operating a POS  
15 terminal **112**. Alternately, the Cash Card may be presented at an ATM **116**. The account  
16 identification code **502** may be read by the agent or an automated reader from the front of the  
17 Cash Card **500** or from the encoded magnetic strip on the reverse of the Cash Card **500**. The  
18 account identification code **502**, a PIN obtained from the consumer, and other data, such as a  
19 requested amount of funds, are transmitted to the transaction control module **211** as a request for  
20 issuance of a negotiable instrument. As described previously, the transaction control module **211**  
21 interacts with the Licensed Money Transmitter computer system **214** in order to effect an  
22 electronic transfer of funds from the transaction account **102** to the POS terminal **112** or the  
23 ATM **116** that generated the request for funds. In a similar fashion, the Cash Card **500** may be  
24 presented to an agent at a POS terminal **112**, an ATM **116**, or a teller at a bank **114** in order to  
25 conduct a transaction for the deposit of funds into the transaction account **102**.

26 Accordingly, in one embodiment of the present invention, a Cash Card **500** is  
27 issued in the name of a particular consumer upon that consumer's enrollment as a customer of the  
28 Licensed Money Transmitter. Enrollment may entail the provision of certain customer  
29 information, such as name, address, phone number, social security number, etc. For liability and/or  
30 security purposes, the Licensed Money Transmitter may require some or all of the above-listed

1 customer information prior to providing a consumer with full privileges for depositing and  
2 withdrawing funds into and out of the transaction account 102.

3 As shown in FIG. 6, an alternate embodiment of the present invention involves the  
4 issuance of an anonymous Cash Card 600. An anonymous Cash Card 600 includes an account  
5 identification code 602 and an anonymous customer indicator 604. An anonymous Cash Card 600  
6 may be associated with an anonymous transaction account or an anonymous sub-account within  
7 the transaction account 102. The anonymous account is identified only by an account code and a  
8 PIN that is provided to the consumer of the anonymous Cash Card 600. The anonymous Cash  
9 Card 600 may be a one-load Cash Card, meaning that funds may be deposited into the associated  
10 anonymous transaction account only one time. Once the initially loaded funds are depleted from  
11 the anonymous transaction account, the anonymous Cash Card 600 is no longer valid (unless it is  
12 converted to a "regular" Cash Card 500, as will be described below).

13 An anonymous Cash Card 600 may be sold or otherwise provided to a consumer,  
14 who may then request that a particular amount of funds be loaded onto the anonymous Cash Card  
15 600. The consumer of the anonymous Cash Card 600 is provided with a PIN, which may be used  
16 to authorize loading of the anonymous Cash Card 600. Funds to be loaded onto the anonymous  
17 Cash Card 600 are collected by, for example, an agent of the Licensed Money Transmitter. A  
18 credit in the amount of the collected funds is then posted to the anonymous transaction account in  
19 the manner previously described. In accordance with one embodiment of the present invention, an  
20 anonymous Cash Card 600 may be loaded by the consumer only at a POS terminal 112. Given the  
21 anonymous nature of anonymous Cash Card 600 transactions, no direct deposit capabilities are  
22 provided.

23 The funds to be loaded onto the anonymous Cash Card 600 may be limited to  
24 specific or incremental dollar amounts. For example, it may be a policy of the Licensed Money  
25 Transmitter that no anonymous Cash Card 600 may be loaded with more than a predetermined  
26 value. Alternately, an anonymous Cash Card 600 having a first load limit may be sold to  
27 consumers for a first price, while an anonymous Cash Card 600 having a second load limit may be  
28 sold to consumers for a second price, etc. In another embodiment, an anonymous Cash Card 600  
29 may be pre-loaded with a particular amount of funds. In this manner, the Licensed Money  
30 Transmitter may store funds of a predetermined amount in the anonymous transaction account

1 associated with the anonymous Cash Card 600. Then, the pre-loaded anonymous Cash Card 600  
2 may be sold to a consumer for a price equal to the predetermined amount plus any additional  
3 service fees.

4 As mentioned, an anonymous Cash Card 600 may expire upon depletion of the  
5 initially loaded funds. An expired anonymous Cash Card 600 may no longer be used by the  
6 consumer to deposit funds into or withdraw funds from a transaction account 102. However, the  
7 present invention contemplates that an anonymous Cash Card 600 may be converted into a  
8 “regular” Cash Card 500 that carries full reload and access privileges, including direct deposit  
9 capabilities. Conversion from an anonymous Cash Card 600 to a regular Cash Card 500 requires  
10 that the consumer enroll as a customer of the Licensed Money Transmitter. As mentioned above,  
11 enrollment entails providing certain customer and account specific information. Enrollment may  
12 be performed over the telephone, via the mail, or through any other suitable communications  
13 medium. When the consumer has successfully enrolled as a customer, the Licensed Money  
14 Transmitter may provide the customer with a new Cash Card 500 and PIN. As is well known in  
15 the art, the customer may choose the PIN to be associated with his or her transaction account  
16 102. Alternately, although less desirably, the newly-enrolled customer may continue to use the  
17 original anonymous Cash Card 600 and the associated PIN as if it were a regular Cash Card 500.

18 **FIG. 7** is a flow chart illustrating an exemplary method for processing transactions  
19 associated with an anonymous Cash Card 600. From starting block 701, the method advances to  
20 step 702 where an anonymous sub-account is established within the transaction account 102. The  
21 anonymous sub-account is identified only by an account code and is not associated with any  
22 consumer identifying information. At step 704, the anonymous Cash Card 600 is sold to a  
23 consumer. Along with the anonymous Cash Card, the consumer is also provided a PIN that  
24 authorizes access to the anonymous sub-account.

25 The consumer may then request an initial load of the anonymous Cash Card 600 by  
26 presenting the anonymous Cash Card 600, PIN, and funds to an agent of the Licensed Money  
27 Transmitter. At step 706, a credit in the amount of the consumer’s initial funds deposit is posted  
28 to the anonymous sub-account associated with the anonymous Cash Card 600. Once funds are  
29 loaded onto the anonymous Cash Card 600, the method proceeds to step 708, where withdrawals  
30 may be made until the initial funds have been depleted. At step 710 a determination is made as to

1 whether the consumer has enrolled as a customer of the Licensed Money Transmitter. If the  
2 consumer has not enrolled, the method proceeds to step 712 where the anonymous sub-account is  
3 closed and the anonymous Cash Card 600 is considered to be expired.

4 However, if the consumer has enrolled as a customer of the Licensed Money  
5 transmitter, the method proceeds to step 714, where the anonymous sub-account is converted into  
6 a non-anonymous sub-account associated with customer identifying information. Then at step  
7 716, the non-anonymous sub-account is authorized to receive additional deposits from the  
8 customer. At step 718, the customer may be provided with a new non-anonymous Cash Card 500  
9 that is issued in the customer's name and has customer/account information encoded on a  
10 magnetic strip or other data storage mechanism. The method ends at step 719.

11 From a reading of the description above pertaining to the disclosed embodiments  
12 of the present invention, modifications and variations thereto may become apparent to those  
13 skilled in the art. Other alternatives and variations may also become apparent to those of ordinary  
14 skill in the art upon a close examination of this specification in view of the drawings. It should be  
15 appreciated that many features and aspects of the present invention were described above by way  
16 of example only and are therefore not intended to be interpreted as required or essential elements  
17 of the invention. Any elements of the invention that are required or essential would have been  
18 explicitly indicated to be so, for example by describing that the element "must" be included.  
19 Therefore, the scope of the present invention is to be limited only by the following appended  
20 claims.  
21

**Modified Embodiment Cash Card™ System and Method for Issuing Negotiable Instruments**

A modified embodiment system for issuing negotiable instruments without PIN or signature input is shown in **FIGS. 8a and 8b**. The system is generally designated by the reference numeral **802**. The system **802** optionally includes a regulated banking environment **804** in which certain regulated activities occur and further includes an unregulated, non-banking environment **806** as described above.

The optional banking environment **804** can include a bank account **104** (optionally FDIC insured) for receiving direct deposit of federal benefits checks **106** and direct deposit of payroll checks **108** as described above. An account sweep feature **808**, also as described above, can transfer funds automatically and essentially instantaneously from the bank account **104** to the transaction account **102** maintained with a transaction account institution, such as a Licensed Money Transmitter (LMT). The transaction account **102** includes multiple sub-accounts **810** each adapted for association with an entity, such as a customer or consumer (individual, corporate, institutional, etc.), comprising a sub-account holder **812**. Although the transaction account **102** has been described in connection with an LMT, other financial institutions would be suitable for maintaining same. Still further, the sub-account holders **812** can transact directly with the transaction account institution **102**, thus bypassing the agent **112**.

In an exemplary configuration of the system **802**, the transaction account institution **102** creates sub-accounts **810** in anticipation of their sales by the POS terminal agents **112**. The sub-accounts **810** can be assigned sub-account numbers **811** and, optionally, PINs in advance of their purchase by sub-account holders **812**. The term sub-account is used herein to denote accounts which collectively comprise parts of a main account maintained by the transaction account institution **102**. However, the terms “account” and “sub-account” are to be construed broadly and interchangeably to encompass all types of financial accounts.

The sub-account holder **812** interacts with the transaction account institution **102** primarily through an agent with a point-of-sale (POS) terminal **112**. The POS terminal **112** includes a control terminal **814** linked to a card reader **816** and a printer **818**. As indicated by the arrow **820**, funds are transferred back and forth between the transaction account institution **102**

1 and the POS terminal (agent) 112. Such transfers reflect deposits to and withdrawals (i.e., the  
2 issuance of negotiable instruments 824) from the sub-account 810 by its holder 812.

3 The POS terminal agents 112 are authorized by the transaction account institution  
4 102 to open and activate sub-accounts 810 and to sell cash cards 822 to sub-account holders 812.  
5 Each sub-account holder 812 is issued a Cash Card™ 822 similar to those described above.  
6 Preferably the sub-account holder's name is recorded with the sub-account number 811 in the  
7 data records maintained by the transaction account institution 102. The Cash Card™ 822 can  
8 include a magnetic strip 836 for recording the account number and an optional identifier, such as a  
9 PIN, for the sub-account holder 812.

10 The sub-account holder 812 can obtain negotiable instruments 824 from the POS  
11 terminal 112 by swiping the Cash Card™ 822 in the card reader 816 whereupon the control  
12 terminal 814 outputs a negotiable instrument 824 via the printer 818 and posts the appropriate  
13 debit entries to the sub-account 818 with the transaction account institution 102. The negotiable  
14 instrument 824 can comprise any suitable negotiable instrument, such as a check, draft, warrant,  
15 money order, traveler's check, etc. Preferably the negotiable instrument 824 is made payable to  
16 the sub-account holder 812.

17 The negotiable instrument 824, made payable to the sub-account holder 812, can  
18 be cashed at a negotiable instrument cashing institution 838. Security is provided by making the  
19 negotiable instrument 824 payable only to the sub-account holder 812, who can be required to  
20 present identification 840 to the cashing institution 838. Moreover, the sub-account holder 812  
21 can be required to endorse the negotiable instrument 824. Still further, the negotiable instrument  
22 824 can optionally include a restrictive legend 842 printed thereon requiring identification 840,  
23 endorsement 841 and setting an upper limit 829 for its face value. The cashing institution 838  
24 presents the negotiable instrument 824 to the transaction account institution (LMT) 102, which  
25 has already debited the sub-account 810 and makes the necessary funds transfer to the cashing  
26 institution 838 as indicated by the arrow at 834.

27 The ATM 116 (FIG. 8b) represents an optional source of negotiable instruments  
28 824. The Cash Card™ 822 is read by a card reader 846 whereupon the ATM printer 844 prints a  
29 negotiable instrument 824. Funds are transferred from the transaction account institution (LMT)  
30 102 to the ATM 116 by the arrow indicated at 848.

**FIGS. 11a and 11b** show an exemplary method for issuing negotiable instruments

**824.** The method starts at **852** and proceeds to an open sub-account step at **854**. An account number is assigned at **856**. A PIN decision at **858** results in a PIN being assigned at **860** if affirmative. Otherwise, the method proceeds to step **862** whereat the Cash Card™ is sold. Thereafter the sub-account is activated at **864** and the sub-account is associated with the card buyer/sub-account holder at **866**, preferably by name. Funds are deposited at **868**. If deposited to a bank account (affirmative branch from **870**), they are credited thereto at **872** and the funds are swept to a transaction account at **874** as described above. Thereafter, or initially if the funds are deposited directly to the transaction account (negative branch from **870**), the transaction sub-account is credited at **876**.

The sub-account holder **812** requests a negotiable instrument at **878** by swiping the Cash Card™ **822** in the card reader **816** at the POS terminal **112** at step **880**, which queries the sub-account records at **882** for a sufficient balance determination at **884**. If negative, the method proceeds to the reload card decision at **886**. If affirmative, the sub-account is debited in the amount of the negotiable instrument plus transaction fees at **888**, the negotiable instrument is issued at **890** for presentation by the sub-account holder to a negotiable instrument cashing institution at **892**. The negotiable instrument is endorsed at **894** and the sub-account holder produces identification at **896** whereby the sub-account holder's identification is verified at **898**. Cash is dispensed at **900** and the agent cashes the negotiable instrument at **902** and deposits same for clearing and payment at **904**. The method then proceeds to a reload card decision at **886**. If negative, the method ends at **904**. If affirmative, the method returns to step **876** whereat funds are credited to the sub-account **810** at the transaction account institution **102**. If negative, the method proceeds to end block **906**.

From a reading of the description above pertaining to the disclosed embodiments of the present invention, modifications and variations thereto may become apparent to those skilled in the art. Other alternatives and variations may also become apparent to those of ordinary skill in the art upon a close examination of this specification in view of the drawings. It should be appreciated that many features and aspects of the present invention were described above by way of example only and are therefore not intended to be interpreted as required or essential elements of the invention. Any elements of the invention that are required or essential would have been

*Adam Coyle, Applicant*

1 explicitly indicated to be so, for example by describing that the element “must” be included.  
2 Therefore, the scope of the present invention is to be limited only by the following appended  
3 claims.

[illegible]



## CLAIMS

We claim:

1. A system for issuing a negotiable instrument to an account holder, which comprises:
  - a transaction account institution adapted for receiving funds from the account holder;
  - an account identifier associated with the account holder's account with the transaction account institution;
  - a card provided by the transaction account institution and including the account identifier;
  - a card reader associated with the transaction account institution;
  - a printer for negotiable instruments and associated with the transaction account institution;
  - a negotiable instrument issued by the transaction account institution and including the account identifier; and
  - the negotiable instrument being payable to the account holder.
2. The system according to claim 1, which includes:
  - an agent associated with the transaction account institution and authorized thereby to issue negotiable instruments on said accounts, the agent including a control terminal accessing the account information, the card reader and the printer.
3. The system according to claim 2, which includes:
  - the negotiable instrument including a line for endorsement by the account holder.
4. The system according to claim 3, which includes:
  - the negotiable instrument including a restrictive legend printed thereon.
5. The system according to claim 4 wherein the restrictive legend requires the account holder to present identification for cashing the negotiable instrument.

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6. The system according to claim 4 wherein the restrictive legend requires the account holder to endorse the negotiable instrument before cashing same.

7. The system according to claim 4 wherein the restrictive legend includes a maximum limit for the amount of the negotiable instrument.

8. The system according to claim 1, which includes:  
an ATM associated with the transaction account institution and adapted for reading the cash card and printing the negotiable instrument.

9. The system according to claim 1 wherein the transaction account institution includes multiple sub-accounts with account numbers established prior to sales of associated cards.

10. The system according to claim 9 wherein the sub-accounts are assigned respective PINs .

11. A method of issuing a negotiable instrument to an account holder, which comprises the steps of:

receiving a deposit of funds in an account held by the account holder;

providing the account holder with a card;

providing the card with identification of the account holder;

receiving a negotiable instrument request from the account holder;

reading the account holder identification on the card;

verifying the availability of sufficient funds in the account for the requested negotiable instrument;

providing a negotiable instrument in said amount payable to said account holder; and

debiting the account in the amount of said negotiable instrument.

12. The method according to claim 11, which includes the additional steps of:  
providing an agent at a retail POS establishment;  
the agent receiving funds from the account holder;  
the agent transferring funds to a transaction account institution; and  
the agent issuing the negotiable instrument.

13. The method according to claim 12, which includes the additional step of:  
providing the agent with a control terminal linked to the transaction account institution.

14. The method according to claim 13, which includes the additional steps of:  
providing the agent with a card reader and a printer connected to the control terminal;  
reading the account number from the card with the card reader; and  
printing the negotiable instrument with the printer.

15. The method according to claim 11, which includes the additional step of:  
the account holder presenting personal identification to a negotiable instrument cashing  
institution.

16. The method according to claim 11, which includes the additional step of:  
the account holder endorsing the negotiable instrument.

17. The method according to claim 11, which includes the additional step of:  
printing a restrictive legend on the negotiable instrument, the restrictive legend requiring  
identity verification and endorsement by the account holder.

18. The method according to claim 11, which includes the additional step of printing a  
maximum limit on the negotiable instrument.

19. The method according to claim 12, which includes the additional steps of:  
providing an ATM with a printer and a card reader;

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linking the ATM with the transaction account institution;

reading the card with the ATM card reader; and

printing the negotiable instrument with the ATM printer.

20. The method according to claim 12, which includes the additional steps of:

depositing funds in a regulated financial institution; and

sweeping the deposited funds to the transaction account institution.

21. The method of claim 11, which includes additional step of debiting the account in the amount of a transaction fee.

2025 RELEASE UNDER E.O. 14176

**ABSTRACT OF THE DISCLOSURE**

**CARD-BASED SYSTEM AND METHOD  
FOR ISSUING NEGOTIABLE INSTRUMENTS**

An account structure is provided that allows a non-bank entity to indirectly provide direct deposit capabilities for funds representing pre-payments for negotiable instruments. When a direct deposit of funds into a first account associated with the individual and maintained by a first entity is detected, the total amount of the funds is transferred into a second account associated with the individual and maintained by a second entity. The first entity is a bank or other financial institution subject to federal banking regulations, while the second entity is not subject to federal banking regulations. The individual may withdraw the funds from the second account by requesting the issuance of negotiable instruments. Negotiable instruments may be issued in any dollar amount not exceeding the balance of the second account. A properly enrolled customer may make subsequent deposits into the second account.

Anonymous transactions regarding prepaid negotiable instruments may also be conducted. An anonymous account may be provided that is identified by an account number. Upon verification of a PIN and the account number, an individual is authorized to make an initial deposit of funds into the anonymous account, representing a pre-payment for negotiable instruments. The individual is thus authorized to request the issuance of negotiable instruments in an amount not exceeding the initial deposit of funds. When the issuance of negotiable instruments has depleted the initial deposit of funds, the anonymous account is closed. However, the anonymous account may be converted into a non-anonymous account, capable of accepting subsequent deposits, if the individual provides personal identifying information. While an anonymous account is not authorized to accept direct deposits of funds, the non-anonymous account may be linked to a traditional bank account, via a communications link, so as to indirectly offer direct deposit capabilities.

A card-based system and method are provided for issuing negotiable instruments without requiring signature or PIN input from payees/account holders. Security is provided by requiring the presentation of identify verification when the negotiable instruments are endorsed and cashed.

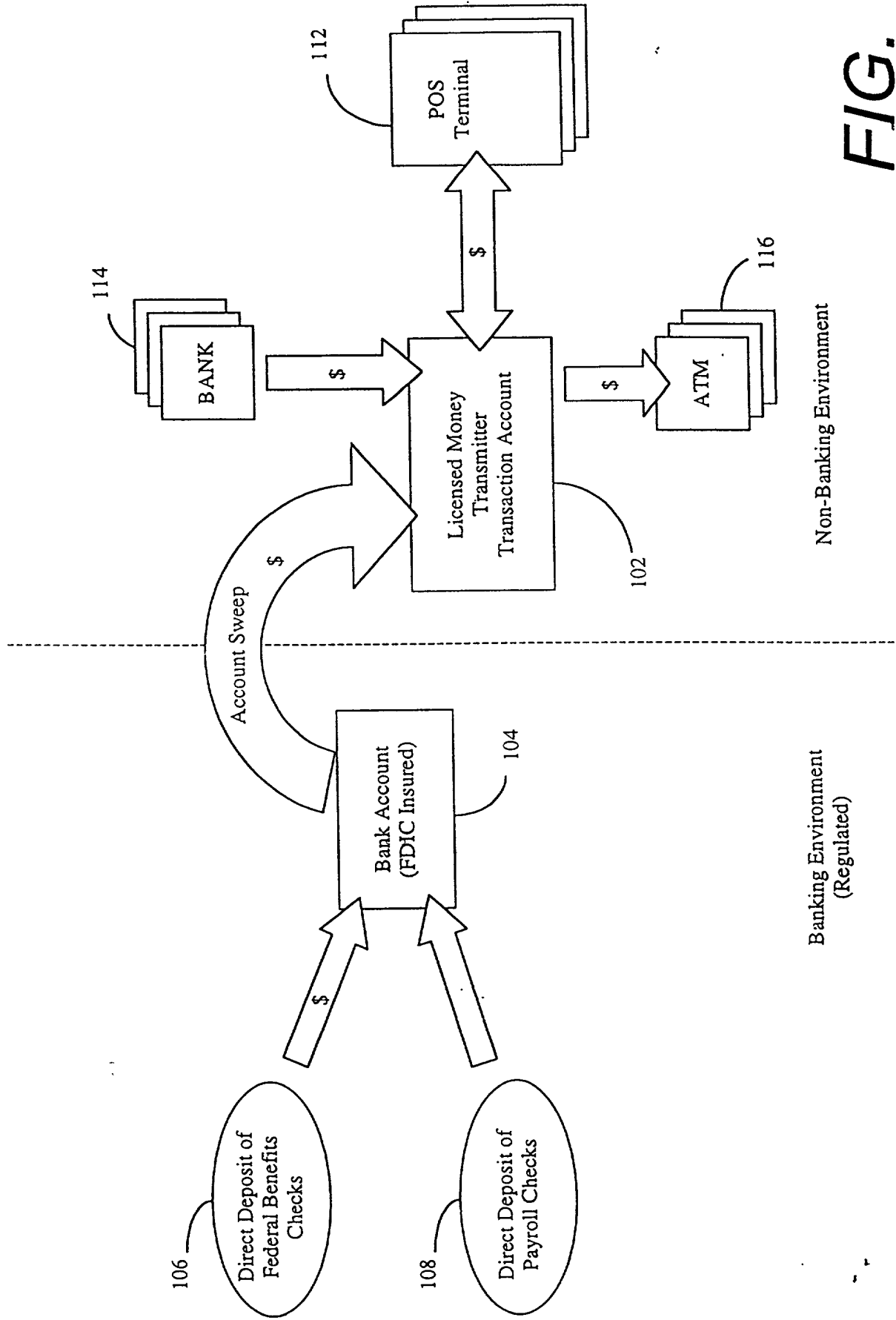


FIG. 1

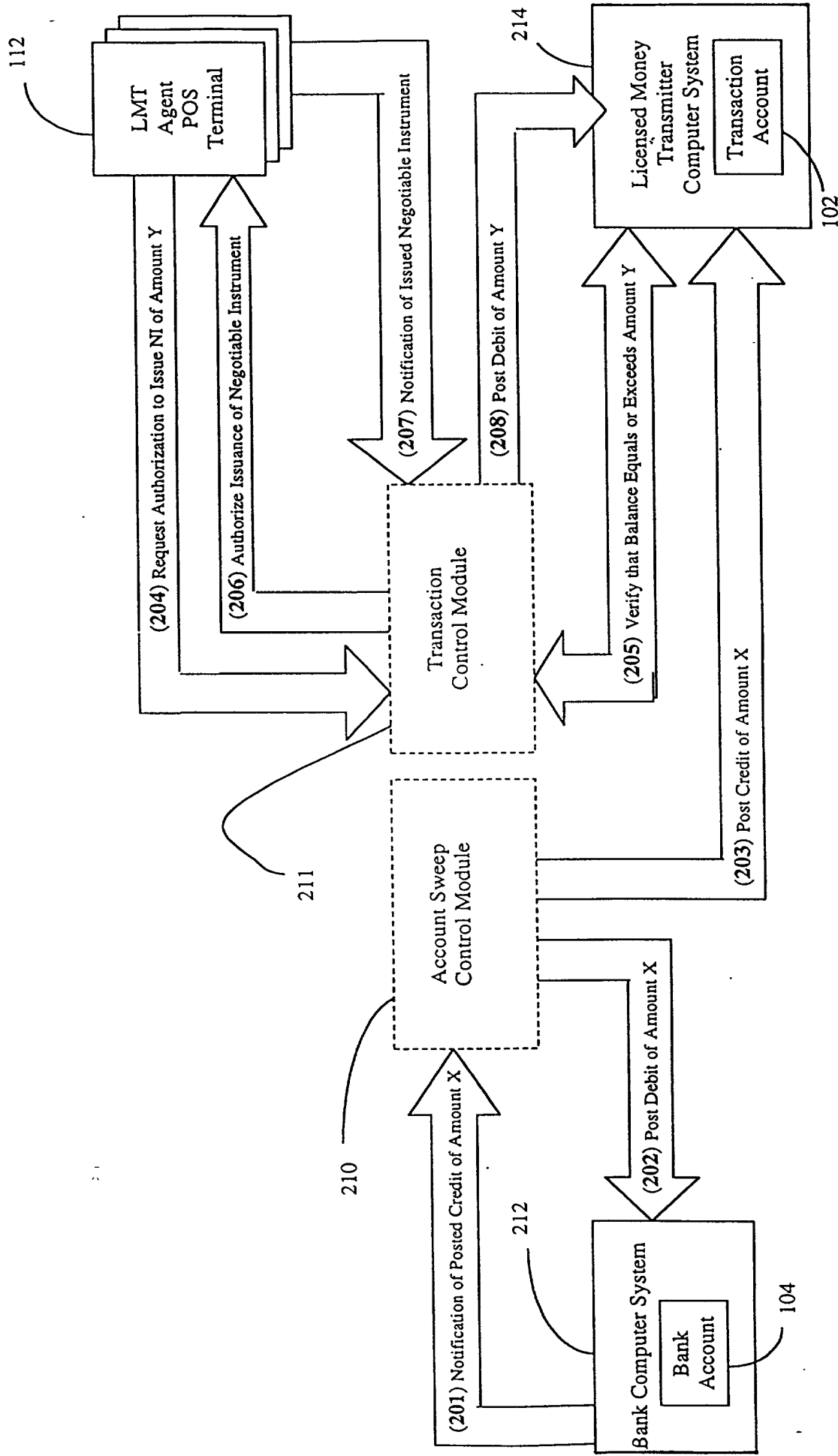
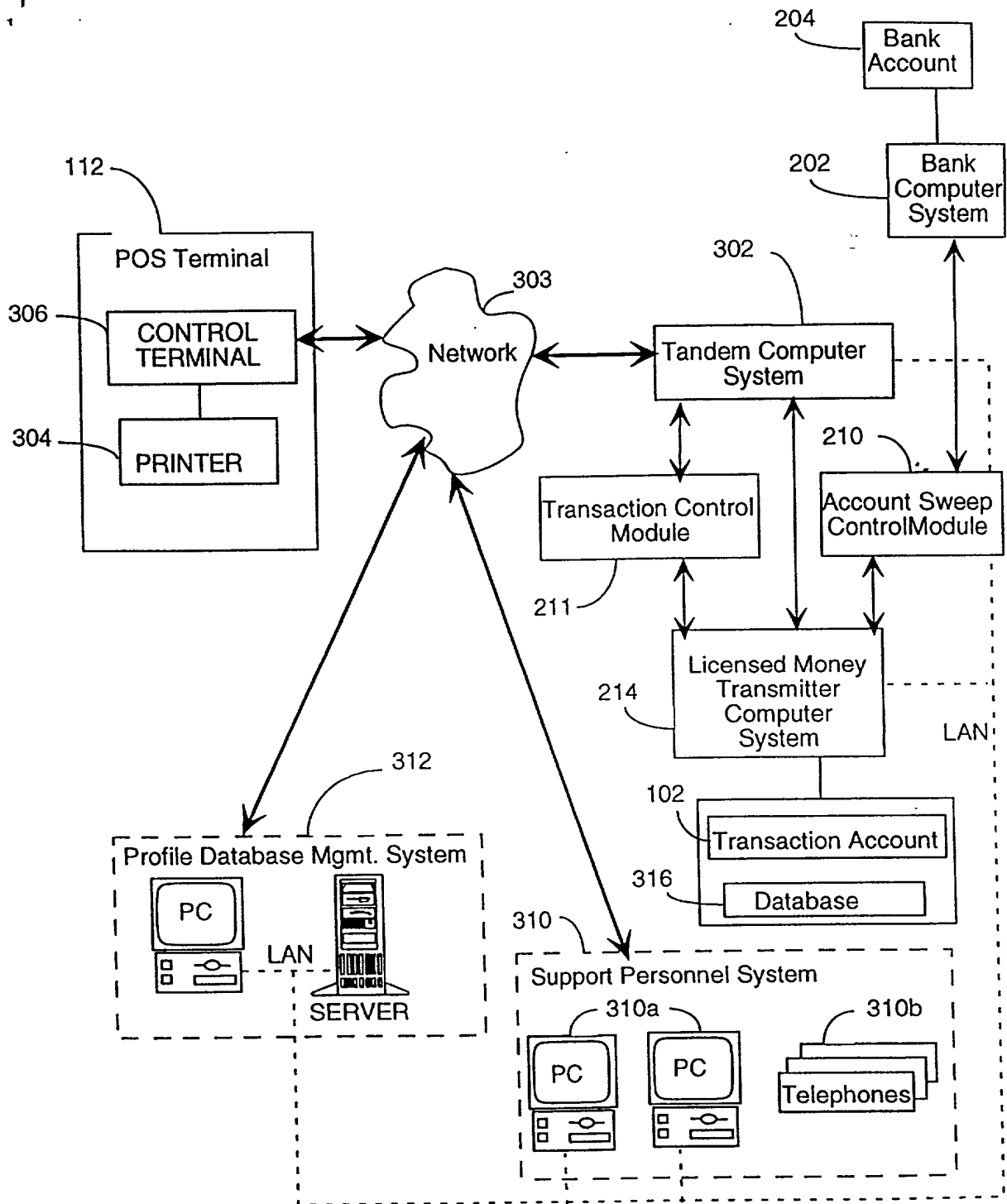


FIG. 2



**FIG. 3**



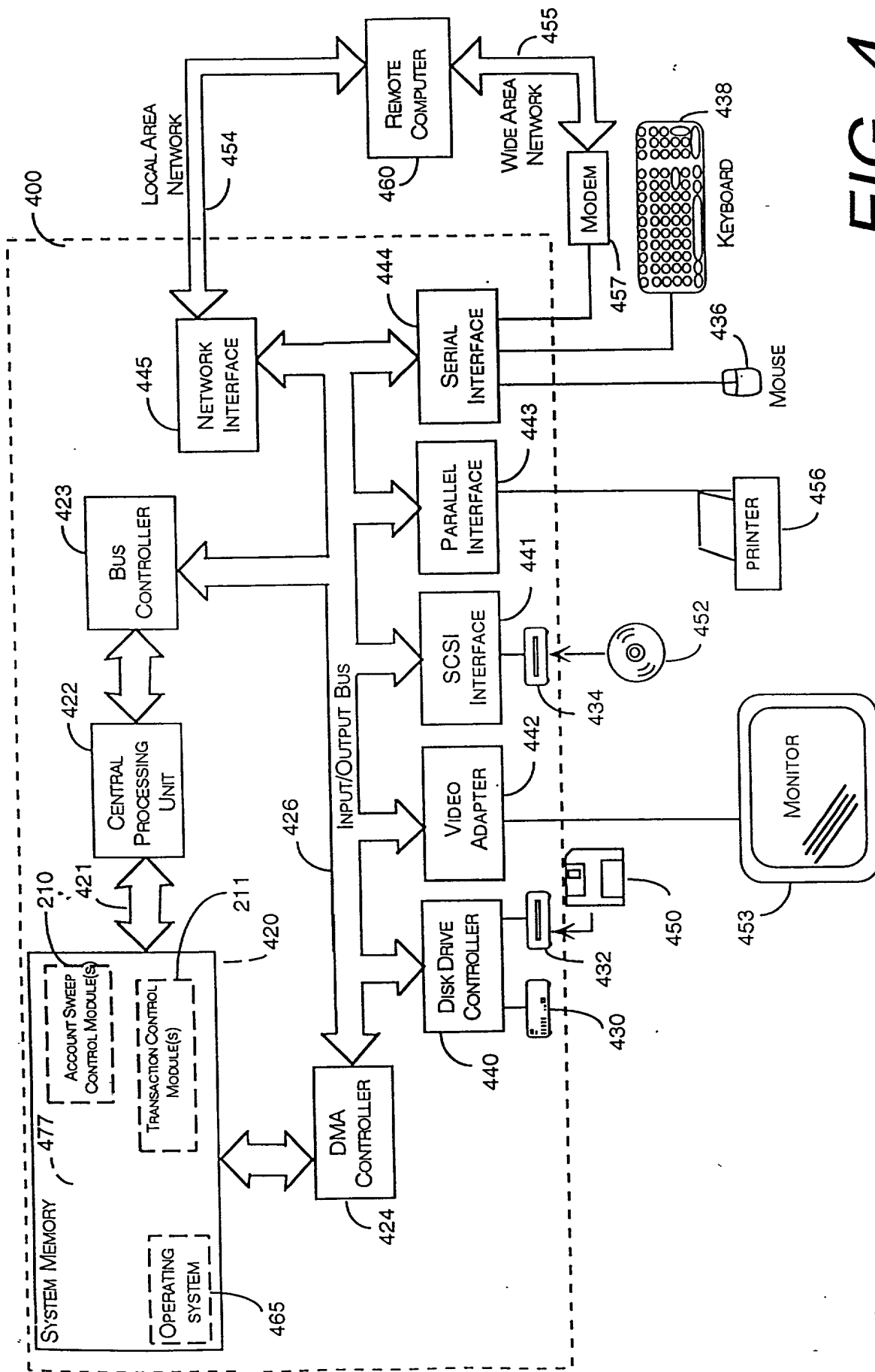
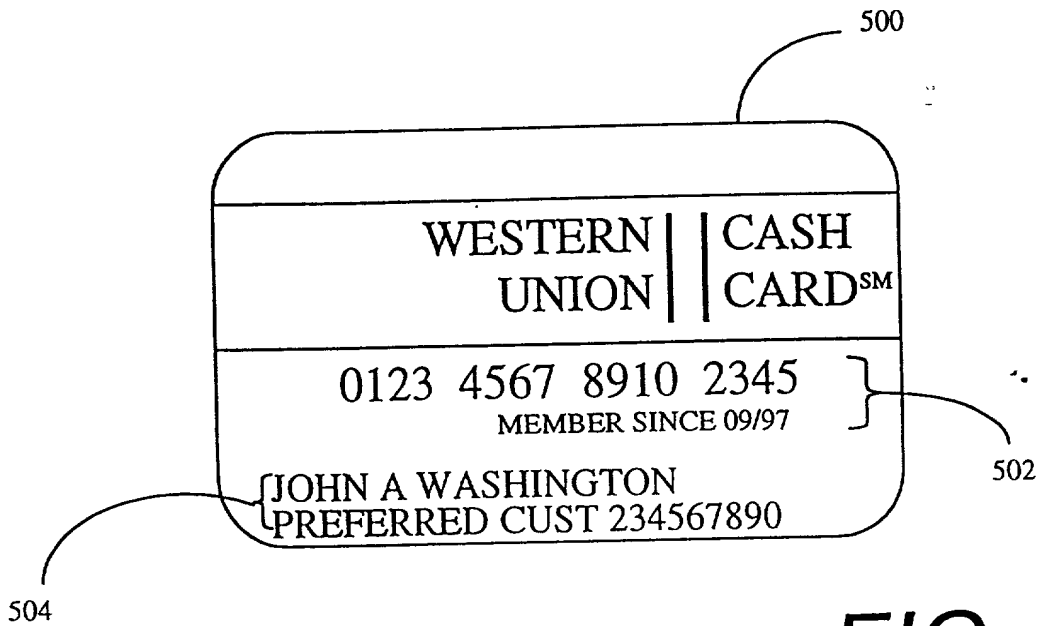
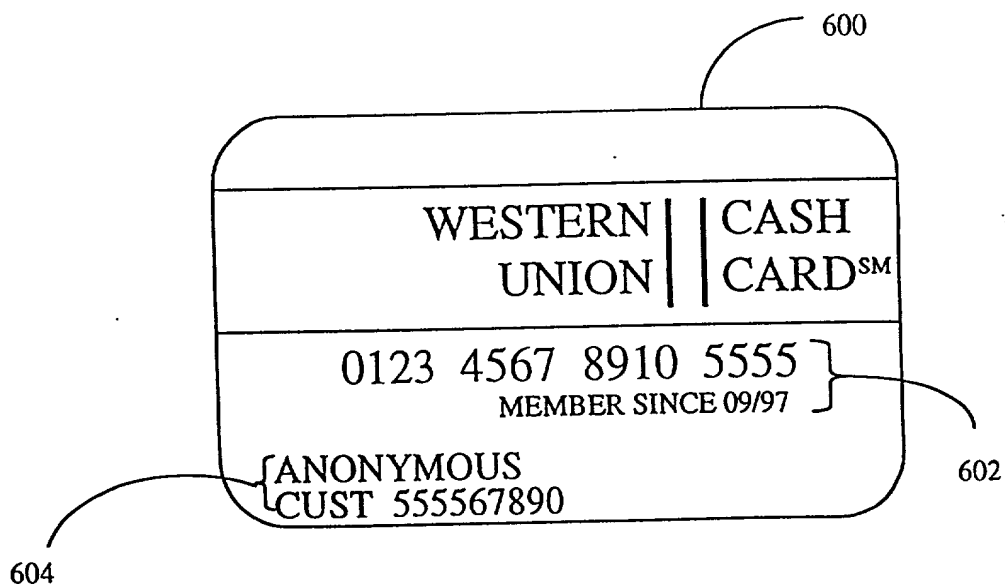


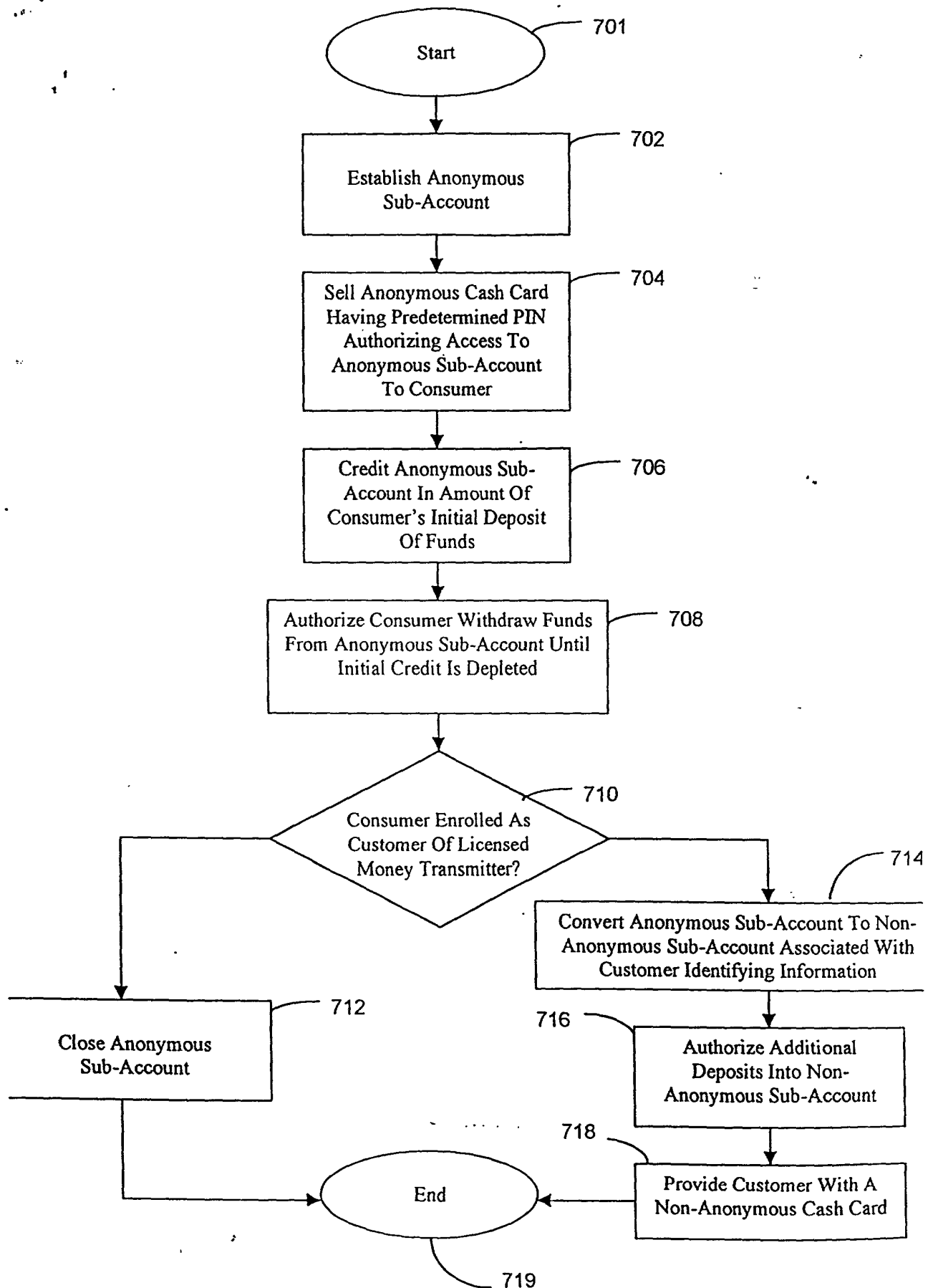
FIG. 4



**FIG. 5**



**FIG. 6**



**FIG. 7**

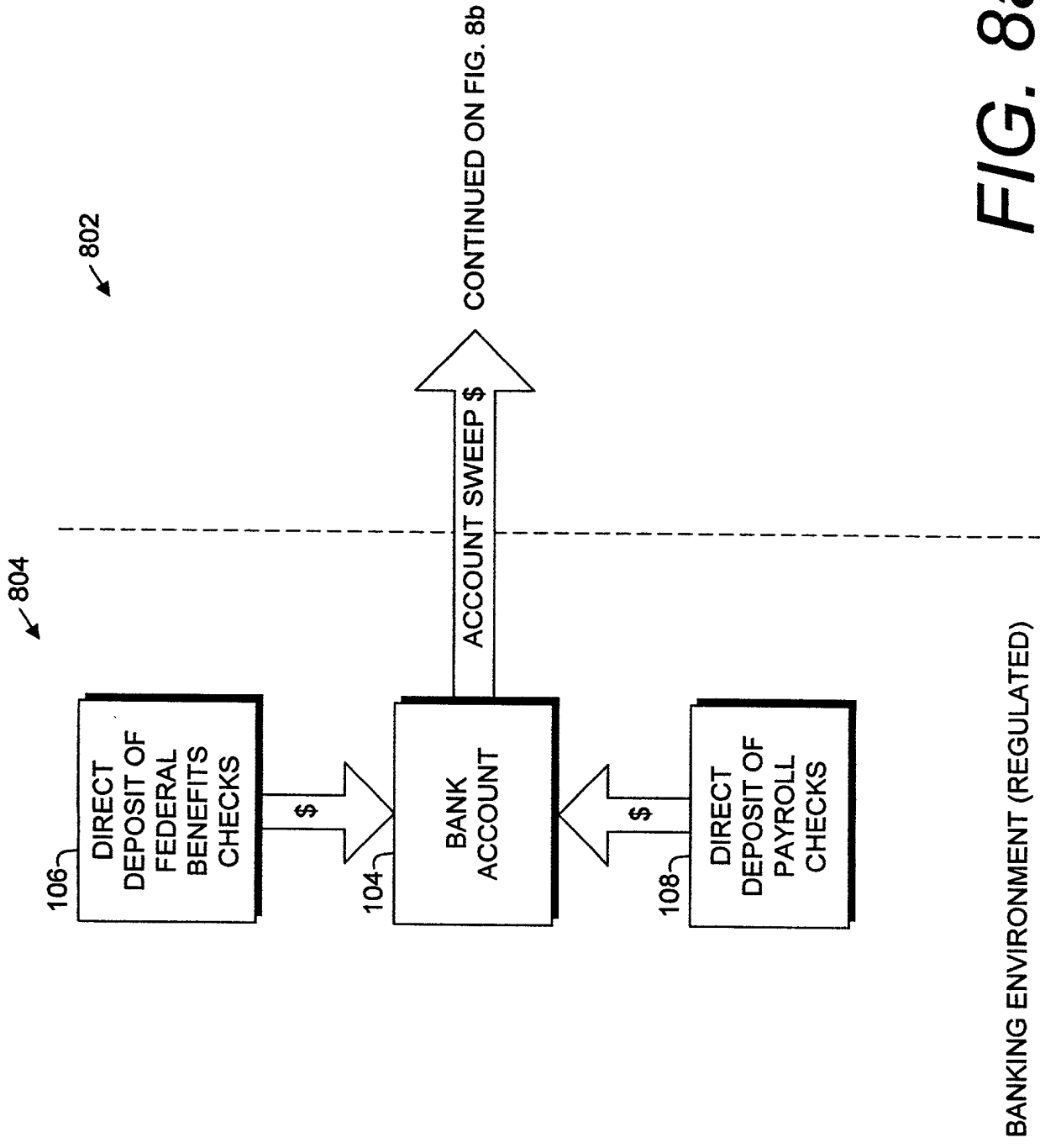


FIG. 8a

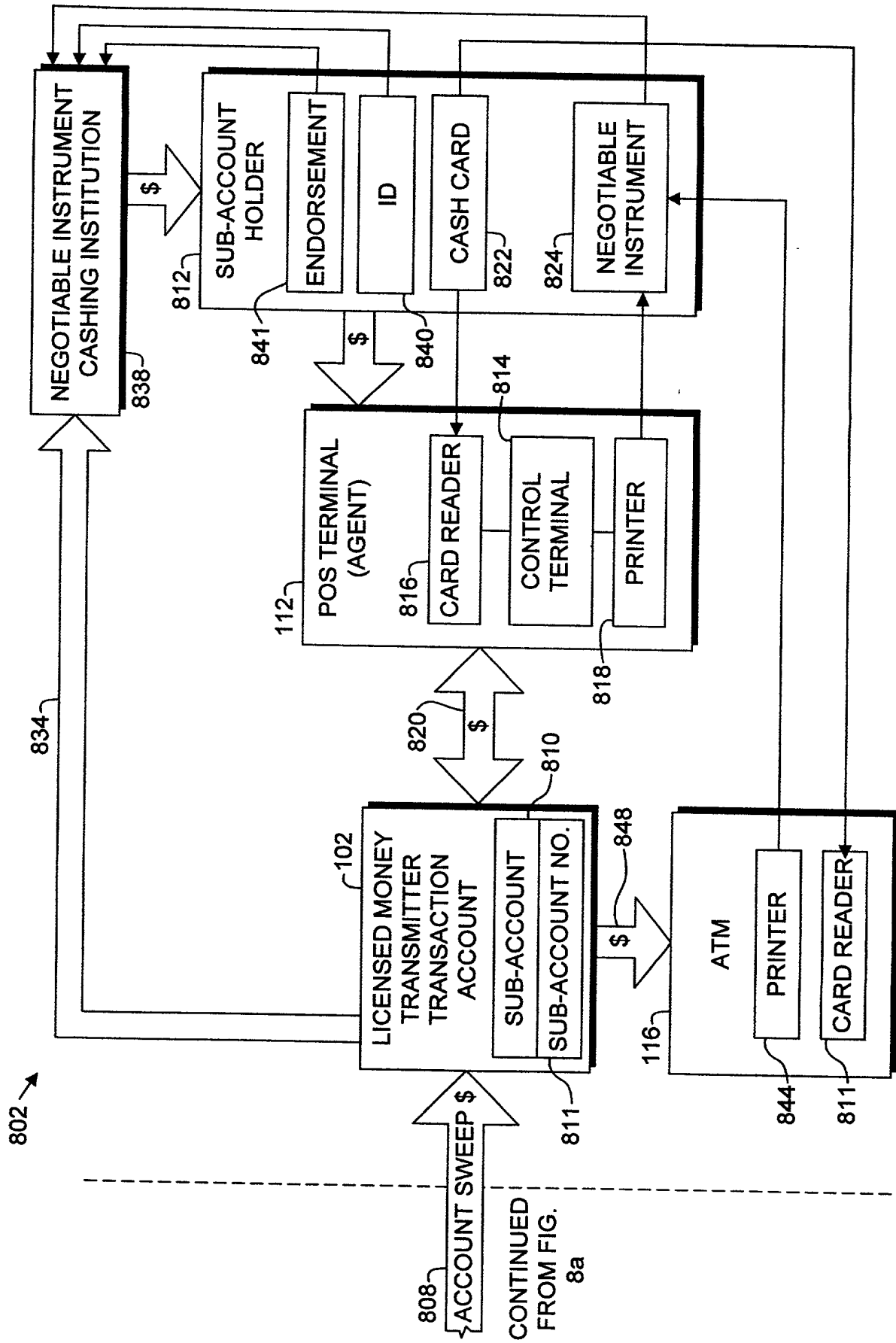


FIG. 8b

Figure 1 is a schematic diagram of a two-layer system. The top layer is labeled 822 and the bottom layer is labeled 836. A horizontal line separates the two layers.

200

824

DATE: \_\_\_\_\_

PAY TO THE ORDER OF: (SUB-ACCOUNT HOLDER)

ACCOUNT NUMBER: XXXXX

NOT TO EXCEED \$XX. PHOTO ID REQUIRED. 842

829

*FIG. 10a*

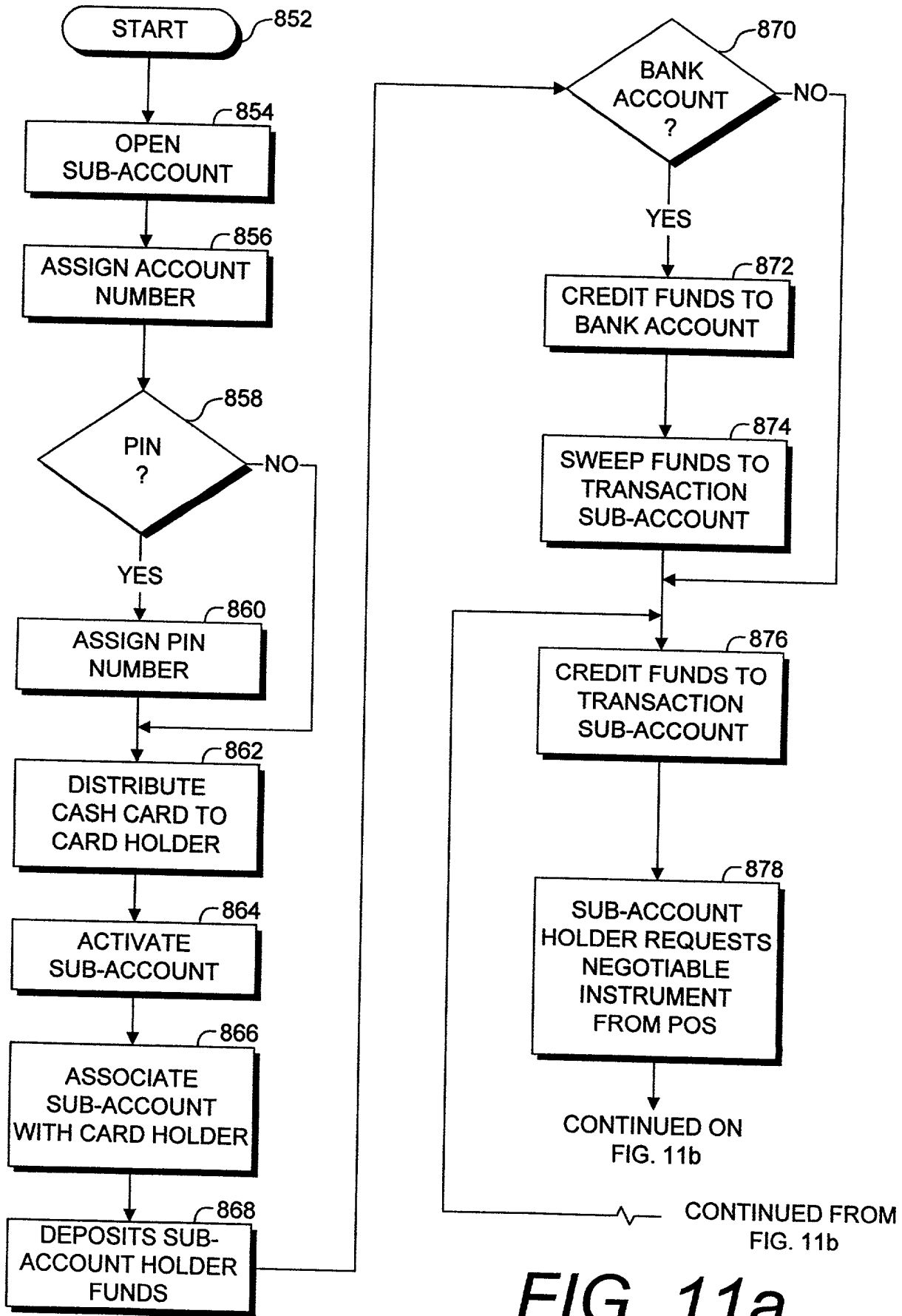
841

824

ENDORSE HERE

DO NOT WRITE BELOW THIS LINE.

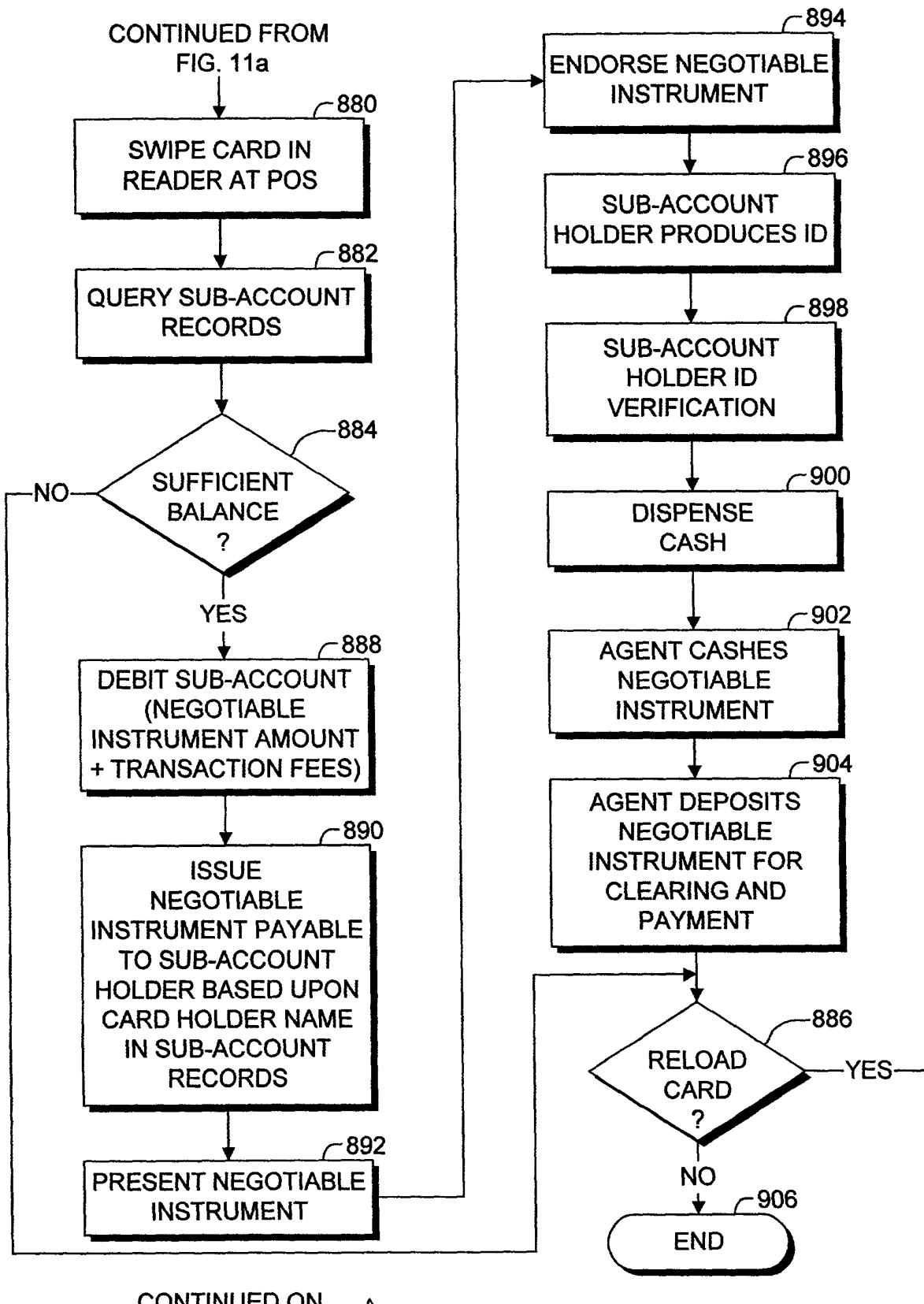
*FIG. 10b*



**FIG. 11a**



FIG. 11b



**FIG. 11b**

**DECLARATION AND POWER OF ATTORNEY  
FOR A PATENT APPLICATION**

As a below named inventor, I hereby declare that:

My residence, post office address and citizenship are as stated below next to my name.

I believe I am the original, first and sole inventor of the subject matter which is claimed and for which a patent is sought on the invention entitled **CARD-BASED SYSTEM AND METHOD FOR ISSUING NEGOTIABLE INSTRUMENTS**, the specification of which was filed on April 19, 1999, Provisional Application Serial No. 60/130,057.

I hereby state that I have reviewed and understand the contents of the above-identified specification, including the claims, as amended by any amendment referred to above.

I acknowledge the duty to disclose information which is material to the patentability of this application in accordance with Title 37, Code of Federal Regulations, Sec. 1.56. (Under Sec. 1.56 information is material to patentability when it is not cumulative to information already of record before the Patent and Trademark Office with respect to the present application and it establishes either by itself or in combination with other information a prima facie case of unpatentability of a claim or it refutes or is inconsistent with a position taken in opposing an argument of unpatentability relied upon by the Patent and Trademark Office or in asserting an argument of patentability. Under this section a prima facie case of unpatentability is established when the information compels a conclusion that a claim is unpatentable under the preponderance of evidence, burden-of-proof standard, giving each term in the claim its broadest reasonable construction consistent with the specification, and before any consideration is given to evidence

which may be submitted in an attempt to establish a contrary conclusion of patentability.)

I hereby state that I do not know and do not believe that the invention was ever known or used in the United States of America before my invention thereof, that to the best of my knowledge and belief the invention has not been in public use or on sale in the United States of America more than one year prior to this application, or patented or described in any printed publication in any country before my invention thereof or more than one year prior to this application, or patented or made the subject of an inventor's certificate issued before the date of this application in any country foreign to the United States of America on an application filed by me or my legal representatives or assigns more than twelve months prior to this application; and that no application for patent or inventor's certificate on this invention has been filed in any country foreign to the United States of America prior to this application by me or my legal representatives or assigns.

I hereby appoint Malcolm A. Litman, Reg. No. 19,579; Gerald M. Kraai, Reg. No. 34,854; Mark E. Brown, Reg. No. 30,361; Kent R. Erickson, Reg. No. 36,793; Mark L. Kleypas, Reg. No. 43,720; and Marcia J. Rodgers, Reg. No. 33,765 all members of the bar of the State of Missouri, whose postal address is Shughart, Thomson & Kilroy, P.C., Twelve Wyandotte Plaza, 120 West 12th Street, Kansas City, Missouri 64105, telephone (816) 421-3355 as my attorneys, with full power of substitution, to prosecute this application, to make alterations and amendments therein, to receive the patent, and to transact all business in the Patent Office connected therewith in my behalf.

I hereby declare that all statements made herein of my own knowledge are true and that all statements made on information and belief are believed to be true; and further, that these statements were made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under Section 1001 of Title 18 of the United States Code and that such willful false statements may jeopardize the validity of the application or any patent issued thereon.

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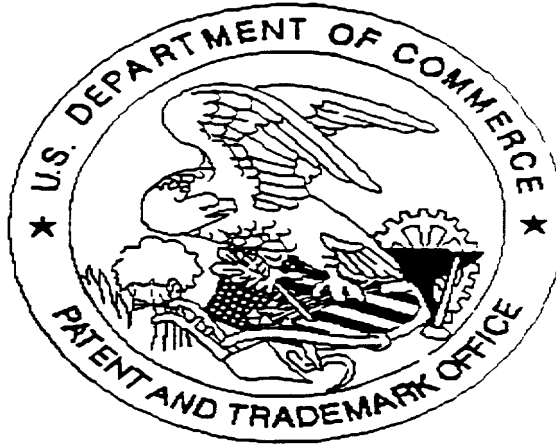
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